



For Immediate Release

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**Gildan Activewear Updates Fourth Quarter Earnings Guidance And Initiates Guidance For
Fiscal 2007**
- Fourth Quarter To Include Charge for Manufacturing Restructuring -

Montréal, Wednesday, September 27, 2006 – Gildan Activewear Inc. (GIL; TSX and NYSE) today updated its earnings guidance for the fourth quarter of fiscal 2006, to take account of a restructuring charge resulting from the closure announced today of its textile facility in Valleyfield, Quebec and the impairment in the value of its remaining Canadian textile and related manufacturing assets, and initiated its earnings guidance for fiscal 2007.

Fourth Quarter of Fiscal 2006

The highlights of the Company's fiscal 2006 updated EPS guidance are as follows:

1. Before the restructuring charge, the Company continues to be comfortable with its most recent guidance for diluted EPS in the fourth quarter of approximately U.S. \$0.58, up 23.4% from EPS of U.S. \$0.47 in the fourth quarter of fiscal 2005, after adjusting prior year EPS to exclude a gain of U.S. \$0.01 per share on the disposal of assets held for sale.
2. The Company continues to expect that the Kentucky Derby Hosiery acquisition will be neither accretive nor dilutive to its EPS in the fourth quarter of fiscal 2006.
3. The Company will record a restructuring charge of approximately U.S. \$0.28 per share in the fourth quarter of fiscal 2006 to provide for the closure of its Valleyfield textile operations and the impairment in the value of its remaining Canadian textile and related manufacturing assets. Under the Company's tax structure, there is no tax benefit with respect to this restructuring charge. Approximately U.S. \$0.24 per share of the charge will be non-cash, while the remaining U.S. \$0.04 per share reflects the cash severance costs associated with the closure of the Valleyfield facility. After reflecting the restructuring charge, the Company projects diluted EPS for the fourth quarter of fiscal 2006 of approximately U.S. \$0.30, and full year 2006 EPS of U.S. \$1.79. The Company will continue to evaluate the long-term viability and global competitiveness of its remaining Canadian manufacturing facilities.

4. The economic impact of the rationalization of the Kentucky Derby Hosiery manufacturing operations in North Carolina and Virginia will be reflected in the purchase price accounting for the acquisition, and is not expected to materially impact operating earnings either in fiscal 2006 or fiscal 2007.

Fiscal 2007

Excluding the impact in fiscal 2007 of the Kentucky Derby Hosiery acquisition, the Company is providing initial EPS guidance for fiscal 2007 of approximately U.S. \$2.50, up 21% from the Company's projection of U.S. \$2.07 in fiscal 2006 before the restructuring charge in the current fiscal year. The Company noted that its guidance for fiscal 2007 does not at this time include the impact of its recent acquisition of Kentucky Derby Hosiery. The Company is progressing well with its plans for the integration of the acquisition, including the rationalization of Kentucky Derby's manufacturing and distribution operations, and remains confident that it will achieve its target of U.S. \$0.30 per share accretion once the integration process is completed during fiscal 2008. However, Gildan does not have sufficient visibility at this time to provide guidance for the amount of the accretion benefit to be realized during fiscal 2007. As part of its acquisition integration process, the Company is implementing financial control and reporting disciplines in Kentucky Derby Hosiery, which will enable Gildan to forecast and monitor the operating results of the acquired business with the same level of confidence as it has been able to do for its existing operations. The Company expects to be in a position to update its fiscal 2007 EPS guidance to include the impact of the Kentucky Derby Hosiery acquisition when it announces its results for the 2006 fiscal year on December 7, 2006.

The projected increase in diluted EPS in fiscal 2007 reflects higher unit sales volumes and the impact of manufacturing cost reductions primarily due to the ramp-up of the Dominican Republic textile facility. These positive factors are partially offset by higher cotton costs, lower selling prices, and higher selling, general and administrative and depreciation expenses.

In addition to higher depreciation resulting from recent major investments in capacity expansion projects, the Company's EPS guidance of U.S. \$2.50 per share also includes an adjustment to depreciation in fiscal 2007 of U.S. \$0.06 per share, primarily to reflect the change in the assumed economic life of the Company's remaining Canadian textile and related manufacturing assets.

The initial guidance for fiscal 2007 assumes that unit volumes will increase by approximately 16%, not including athletic socks, and that selling prices will decline by approximately 1% on average for the fiscal year. The Company's strategy will be to price aggressively in order to drive continuing volume growth and market share penetration in both the wholesale and retail channels. In addition, the Company will seek to maximize the realization of accretion benefits from the Kentucky Derby Hosiery acquisition during fiscal 2007, while recognizing that a key driver of such benefits will be the ramp-up of its state-of-the-art sock facility in Honduras which will be completed during fiscal 2008.

Profile

Gildan is a vertically-integrated marketer and manufacturer of quality branded basic apparel. The Company is the leading supplier of activewear for the wholesale imprinted sportswear market in the U.S. and Canada, and also a leading supplier to

this market in Europe. The Company sells T-shirts, sport shirts and sweatshirts in large quantities to wholesale distributors as undecorated “blanks”, which are subsequently decorated by screenprinters with designs and logos. Consumers ultimately purchase the Company’s products, with the Gildan label, in venues such as sports, entertainment and corporate events, and travel and tourism destinations. Other end-uses include work uniforms and similar applications to convey individual, group and team identity. In addition to continuing its growth within the wholesale channel, Gildan is implementing a major new growth initiative to sell athletic socks, underwear and activewear to mass-market retailers in North America.

Certain statements included in this press release may constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities legislation and regulations. Such forward-looking statements involve assumptions and known and unknown risks, uncertainties and other factors, including, but not limited to: general economic conditions such as currency exchange rates, commodity prices and other factors over which we have no control; the impact of economic and business conditions, industry trends and other external and political factors in the countries in which we operate; the intensity of competitive activity; changes in environmental, tax, trade and other laws and regulations; our ability to implement our strategies and plans; our ability to complete and successfully integrate acquisitions; changes in customer demand for our products and our ability to maintain customer relationships and grow our business; the seasonality of our business; our ability to attract and retain key personnel; changes in accounting policies; and, disruption to manufacturing and distribution activities due to the impact of weather, natural disasters and other unforeseen adverse events, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements, which are made only as of the date of this press release. We refer you to the Company’s filings with the U.S. Securities and Exchange Commission and Canadian securities regulatory authorities for a discussion of other factors that may affect the Company’s future results.

This release includes reference to certain Non-GAAP Financial Measures such as earnings per share before the restructuring charge and earnings per share excluding the gain recognized on the disposal of assets held for sale. The Company uses and presents certain Non-GAAP Financial Measures because it believes such measures provide meaningful information on the Company’s performance and operating results. However, investors should know that such Non-GAAP Financial Measures have no standardized meaning as prescribed by GAAP and may not be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.